

# SULLIVAN & CROMWELL LLP

TELEPHONE: 1-212-558-4000  
FACSIMILE: 1-212-558-3588  
WWW.SULLCROM.COM

125 Broad Street  
New York, New York 10004-2498

LOS ANGELES • PALO ALTO • WASHINGTON, D.C.  
BRUSSELS • FRANKFURT • LONDON • PARIS  
BEIJING • HONG KONG • TOKYO  
MELBOURNE • SYDNEY

December 19, 2023

Via ECF

The Honorable Loretta A. Preska,  
United States District Court for the Southern District of New York,  
500 Pearl Street,  
New York, NY 10007.

Re: *Petersen Energía Inversora S.A.U. v. Argentine Republic and YPF S.A.*,  
No. 15 Civ. 2739 (LAP); *Eton Park Capital Mgmt. et al. v. Argentine Republic and YPF S.A.*, No. 16 Civ. 8569 (LAP)

Dear Judge Preska:

On behalf of the Argentine Republic, I update the Court on the Republic's inability to satisfy the two conditions for a continued stay of enforcement pending appeal past January 10, 2024, specified in this Court's Orders, dated November 21 and 29, 2023 (*Petersen* ECF Nos. 527 and 529).

1. Since his December 10 inauguration, the new President of Argentina, Javier Milei, has appointed a new Treasury Attorney General of the Nation (*Procurador del Tesoro de la Nación*); the appointment of the Deputy Treasury Attorney General responsible for the Republic's international litigation is still pending. The new Argentine government has instructed us to move the Second Circuit for a 30-day extension of the Republic's deadline to submit its opening brief on appeal. As the Republic explains in its motion, "extraordinary circumstances" justify this extension of the deadline to February 22, 2024. The Republic's appeal of the \$16.1 billion judgment, which we believe to be the largest ever in this Court, will require the new Argentine government to make critical decisions about the appeal in its early days in office. The new Argentine administration needs to get up to speed on the appellate issues, comment on the opening brief, and instruct counsel. Because of the need for this extension, the Republic cannot meet this Court's condition that it request expedited review by January 30, 2024.

2. The new Argentine government also cannot legally or practically pledge or encumber the assets identified in this Court's November 21 Order by January 10. As an initial matter, and as Plaintiffs have acknowledged in correspondence with the Republic, pledging these assets would require an act of the Argentine Congress.

The Honorable Loretta A. Preska

-2-

Beyond this legal obstacle, the new Argentine government has taken office with the country facing very difficult economic circumstances, including year-over-year inflation of more than 160%, significantly reduced agricultural output because of a major drought, a lack of foreign currency reserves, and 40% of the country living in poverty. The Republic also currently lacks access to international capital markets and is in the process of restructuring its \$44 billion loan program with the IMF. To address Argentina's economic circumstances, President Milei has announced a series of wide ranging fiscal and monetary reforms including, most importantly, an immediate reduction in government spending amounting to approximately 3% of Argentina's GDP.<sup>1</sup> The new Argentine government also has announced that it will honor its obligations, and seek to work with the Republic's creditors as part of its overall plan to improve the country's fiscal stability and access to markets.<sup>2</sup> To date, the IMF, Argentine debt holders and market participants have praised these initiatives.<sup>3</sup> At the same time, as a result of these very difficult economic conditions and the need for immediate and urgent reforms to set the economy on a new path, the new Argentine administration is not in a position to pledge assets to secure the \$16.1 billion judgment pending appeal.

3. This Court's \$16.1 billion judgment represents an amount equivalent to 32% of the Republic's 2023 budget (as amended on November 30) at the current official exchange rate. The potential impact of this judgment on the Republic is difficult to overstate—the judgment is analogous to a *trillion* dollar judgment against the United States as a percentage of the federal budget. Because the Republic cannot satisfy the two conditions to a continued stay of enforcement past January 10, and because of the “extraordinary and unique circumstances” that this Court recognized in its November 21 Order (ECF No. 527, at 4), the Republic requests that the Court waive those conditions and allow the stay to continue through the pendency of the appeal. Alternatively, the Republic requests that the Court grant a 90-day continuance of the interim stay, at which time the Court can reevaluate the appropriateness of the continued stay in light of the progress of the appeal and a report from the new Argentine government on economic and other conditions in Argentina. During its early days in office, particularly in light of the challenges it faces, the new government should not be forced to respond to enforcement actions around the globe.

---

<sup>1</sup> See, e.g., Reuters, *Argentina devalues peso, cuts spending in economic shock therapy*, Dec. 13, 2023; Financial Times, *Argentina's new government halves peso's value and cuts spending to jolt economy*, Dec. 13, 2023; Reuters, *Argentina peso devalued over 50% as markets welcome Milei's "tough pill,"* Dec. 13, 2023; Bloomberg, *Argentina to Pay IMF Next Week, "Reformulate" Deal, Caputo Says*, Dec. 13, 2023.

<sup>2</sup> El Cronista, *Quita de subsidios e impacto fiscal de las medidas de Caputo*, Dec. 13, 2023.

<sup>3</sup> IMF Spokesperson Statement on Argentina, Dec. 12, 2023 (“IMF staff welcome the measures announced earlier today by Argentina's new Economy Minister ... Their decisive implementation will help stabilize the economy and set the basis for more sustainable and private-sector led growth.”); Reuters, *Milei's mission improbable for Argentina has investors daring to dream*, Dec. 14, 2023.

The Honorable Loretta A. Preska

-3-

Respectfully,

/s/ Robert J. Giuffra, Jr.  
Robert J. Giuffra, Jr.

cc: Counsel of Record (via ECF)